



City Councilmember
Carl DeMaio

Fact Sheet

**Councilmember Carl DeMaio – FY 2013 Proposed Budget
Budget Shortfall Could Range from \$50 million – \$433 million**

Infrastructure Deficit

\$29 million

The proposed budget includes \$54.1 million toward infrastructure. At this funding rate, the city's streets, storm drains, libraries, parks, and other infrastructure will continue to deteriorate. To merely maintain streets at their current levels (8th worst in the nation), the city needs to budget \$29 million additional dollars this year.

Redevelopment Funds

\$14.6 million

With the statewide end of Redevelopment Agencies, the City of San Diego may be held responsible for debt obligations previously paid for by the Redevelopment Agency.

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|--------------------------------|----------------|
| PETCO Park Debt Service | \$11.3 million |
| Convention Center Debt Service | \$2.5 million |
| Long-Term City Debt | \$0.8 million |

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|-------|----------------|
| Total | \$14.6 million |
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These figures do not include financial impacts from projects which the City assumes will be funded with Redevelopment dollars, but may not be allowed to by the State of California. All costs for any project not approved by the State will revert to the General Fund.

Overtime, Audits, Plans

\$5 – \$10 million

The proposed budget includes no funding for the \$1 million "Internal Controls Audit" that was included in the notorious Kroll Report – leaving a key issue of financial management unresolved from the city's fiscal crisis.

Community Plan Updates are important responsibilities of the City's Planning Department. Many community plans are over a decade old and in desperate need of updating in order to bring zoning and land use policy up-to-date throughout San Diego. While one community plan requires \$2 million to accomplish, the budget allocates less than \$1 million toward this important function.

Overtime costs soared last year \$6 million over budgeted amounts, primarily in the Fire Department, Park & Rec. and Purchasing & Contracting Departments. Given this recent surge in overtime, the FY 2013 budget must take this into consideration.

In addition, in order to fully and properly fund the City's retiree healthcare plan, the "ARC" or "annual required contribution," may need to be funded at a higher amount than the current \$57.8 million, although the exact ARC has not been calculated since last year's changes.

Tax Revenue Assumptions

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The FY 2013 proposed budget assumes 5% in sales tax revenue growth. However, if sales tax revenues do not increase as anticipated, there could be a shortfall of over \$2 million per percentage point of assumed growth.

Additional Points to Consider in Evaluating a "Balanced Budget"

Proper Infrastructure Maintenance & Basic Service Level Restorations

\$318 million

Current budgeting in the City of San Diego fails to properly address decreased service levels. Infrastructure, for example, is at a significantly lower service level than in years past, and continuing to deteriorate, as this fact sheet has already pointed out.

To restore infrastructure to national standards within the next 5 years, it would require \$292.5 million per year for the next five years in catch-up funding and proper ongoing maintenance costs.

In addition, fully restoring libraries, police, and rec centers to previous levels at today's much-increased labor costs would bring the entire total to \$318 million per year.

Funding for Planned Neighborhood Facilities

~\$65 million

An additional aspect of city budgeting which is not addressed in this year's budget is the completion of partially-funded and unfunded libraries, fire stations, park and rec centers, and accompanied staffing.

For example, there are a number of partially-funded library construction projects which are not addressed in the budget, as well as a number of fire stations which are needed to reach the City's goal of reaching all San Diego residents within 5 minutes of a 911 call 90% of the time.

Total

\$433 million